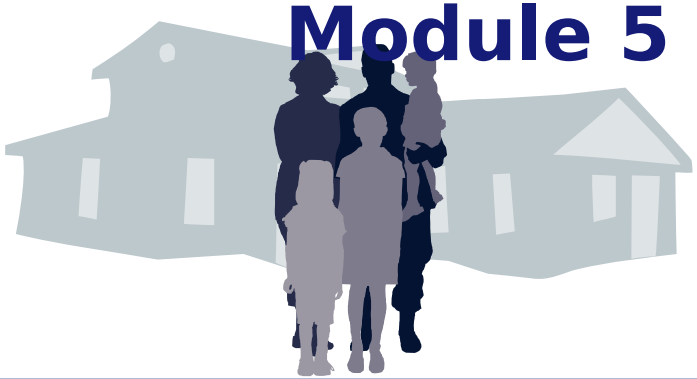
Transaction and Postacquisition Activities

Module 5



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Overview

- **Learning Objective: Understand how to close and monitor the deal**
- **Topics to be covered:**
  - **Transaction closing**
  - **Loan closing**
  - **Loan funding**
  - **Transition from Privatization Support Contractor (PSC) to Project Owner**
  - **Portfolio Management**

Transaction Closing

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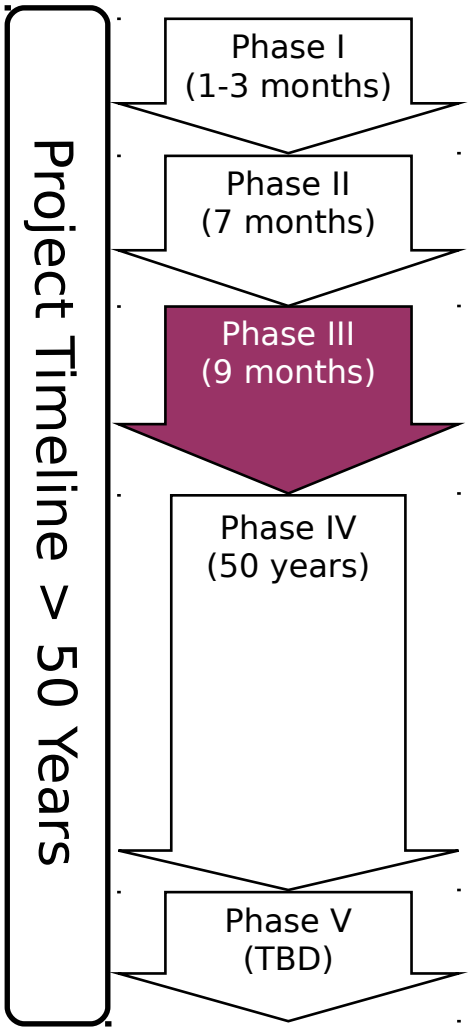
Phase III At-A-Glance



Phase III: Project Acquisition

- **Goal: Solicit and select best value project owner and close the transaction.**

Activities/Products:

- **Conduct industry forum**
- **Finalize and issue Request for Proposal (RFP)**
- **Evaluate proposals**
- **Approve Acquisition Support Team (AST) recommendation**
- **Conduct transaction clo**

Emphasis for this training module

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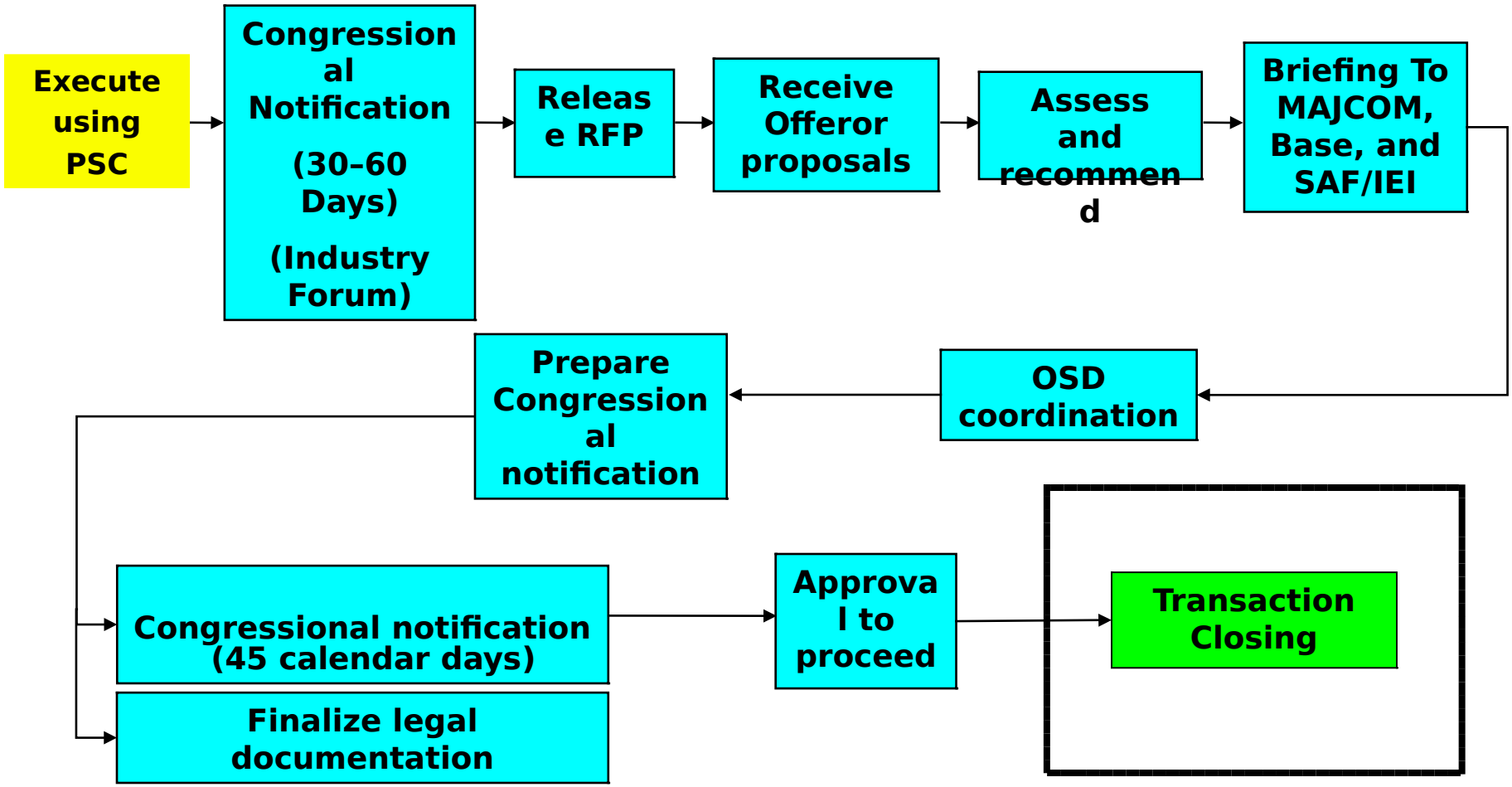
Key Milestones Leading to Transaction Closing



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Key Milestones Leading to Transaction Closing (cont'd)

- Notifying Congress of the selection of a Successful Offeror (SO) and intention to award (45-calendar-day period)
- Formal Congressional approval signifies approval of the selection and gives the "go ahead" to proceed with the transaction closing
- Transaction closing marks the transaction document signing and transfer of housing management responsibility from the Air Force to the Project Owner

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PSC Responsibilities

- **Ensures that original recorded documents are handled in accordance with Air Force Instructions or, if not specified by Air Force Instructions, by Air Force protocol approved prior to closing**
- **Provides four executed and recorded photocopies of closing documents in indexed closing binders (with Table of Contents) as required by particular transaction, together with an electronic copy to the Portfolio Manager**
- **Provides guidance to Portfolio Manager and to others associated with administration of the property and enforcement of the documents**

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Lackland AFB Transaction Closing Team

Loan Closing

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Loan Closing

- **The loan closing is a separate action from transaction closing; however, there may be instances when both closings will occur at the same time**
- **AFCEE will lead all tasks associated with loan closing**
  - **Loan closing will occur when the developer has satisfied all of the terms and commitments of the Forward Commitment letter**
    - **Will be considered complete when the Direct Loan and the Guaranteed Loan (as applicable) are closed including the execution, delivery, and recordation of all documents**
    - **The Forward Commitment sets forth the specific terms and conditions under which the Government has agreed to provide the Government Direct Loan and Loan Guarantee**

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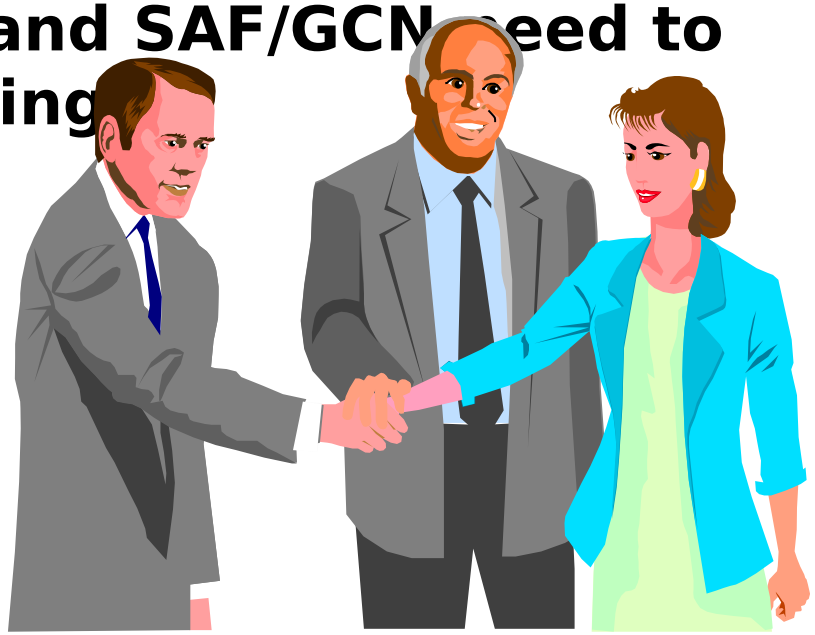
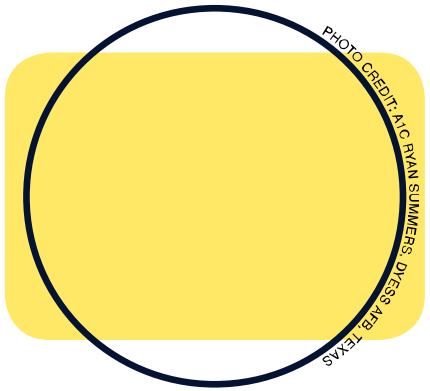
Loan Closing Team

- Like the transaction closing team, the size of the loan closing team should be kept to a minimum
- Generally, only one representative from the MAJCOM, base, AFCEE, and SAF/GCN need to be present for loan closing



Loan Funding



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Loan Funding

- **The conditions for loan funding are set out in the Promissory Note and Intercreditor Agreement**
  - **As a condition to providing a Government Direct Loan, the Air Force will require the execution of an Intercreditor Agreement between the Guaranteed Lender or other first mortgage lender and the Government**
  - **Generally, loan funding will be considered complete when the funding requirements set forth in the loan documents are satisfied and the Project Owner has acknowledged receipt of funds transmitted by the Air Force to or for the benefit of the Project Owner**

Transition from PSC to Project Owner

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Transition Team Composition

- Acquisition Support Team
- PSC
- Project Owner
- Private Lender
- SAF/GCN
- AFCEE
- MAJCOM/JA
- Base-Level/JA

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Transition Team Responsibilities

- Collects data for the Project Owner
  - Waiting list
  - Property maintenance history
  - General Officer Quarters (GOQ) cost reports
- Reviews the Project Owner's plans
  - Property Operations and Management Plan
  - Unit Occupancy Plan
  - Rental Rate Management Plan
  - Facilities Maintenance Plan
  - Capital Repair and Replacement Plan
  - Reinvestment Plan

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Base Responsibilities

- Trains and educates those involved
- Sets up the Management Review Committee (MRC)
- Sets up the town hall and community meetings
- Identifies facilities, workspace, and support requirements
- Develops tenant briefings for the following topics:
  - Leasing policies
  - Utility payment procedures
  - Property insurance
  - Lease requirements
  - Grievance policies and procedures

Portfolio Management

Phase IV At-A-Glance

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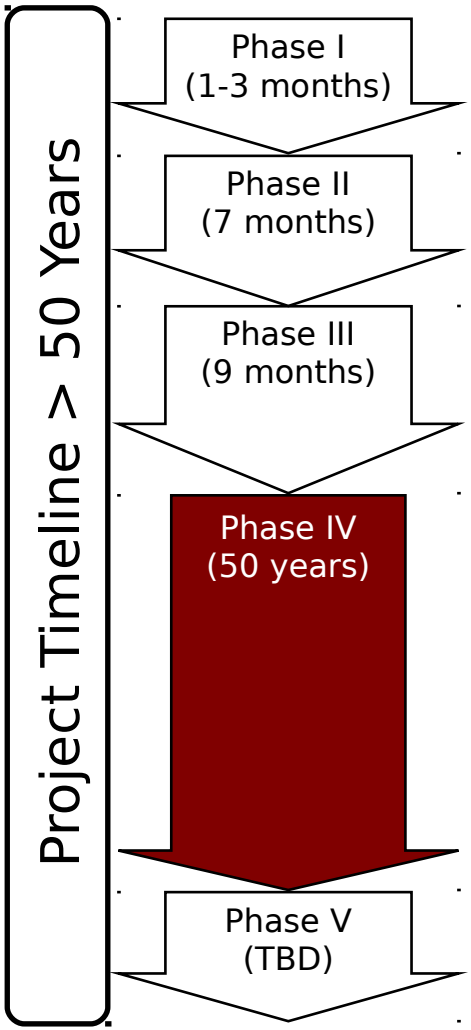

Phase IV: Project Management

- **Goal: Oversee post closing activities of all parties to ensure that all contractual obligations are met or exceeded.**

Activities/Products:

- ✓ **Oversee maintenance, operations, and management**
- ✓ **Oversee financial trending, benchmarking, and budgeting**
- ✓ **Communicate best practices and process improvements**
- ✓ **Conduct management review committee meetings**
- ✓ **Identify issues, develop solutions, and resolve disputes**

✓ **Emphasis for this training module**

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Overview

- Definition of Portfolio Management
- Portfolio Management Team Members
- AFCEE Responsibilities
- MAJCOM Responsibilities
- Base Responsibilities
- Summary

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Definition

Portfolio Management is the Air Force's long-term management and oversight of the Air Force Housing Privatization Program.

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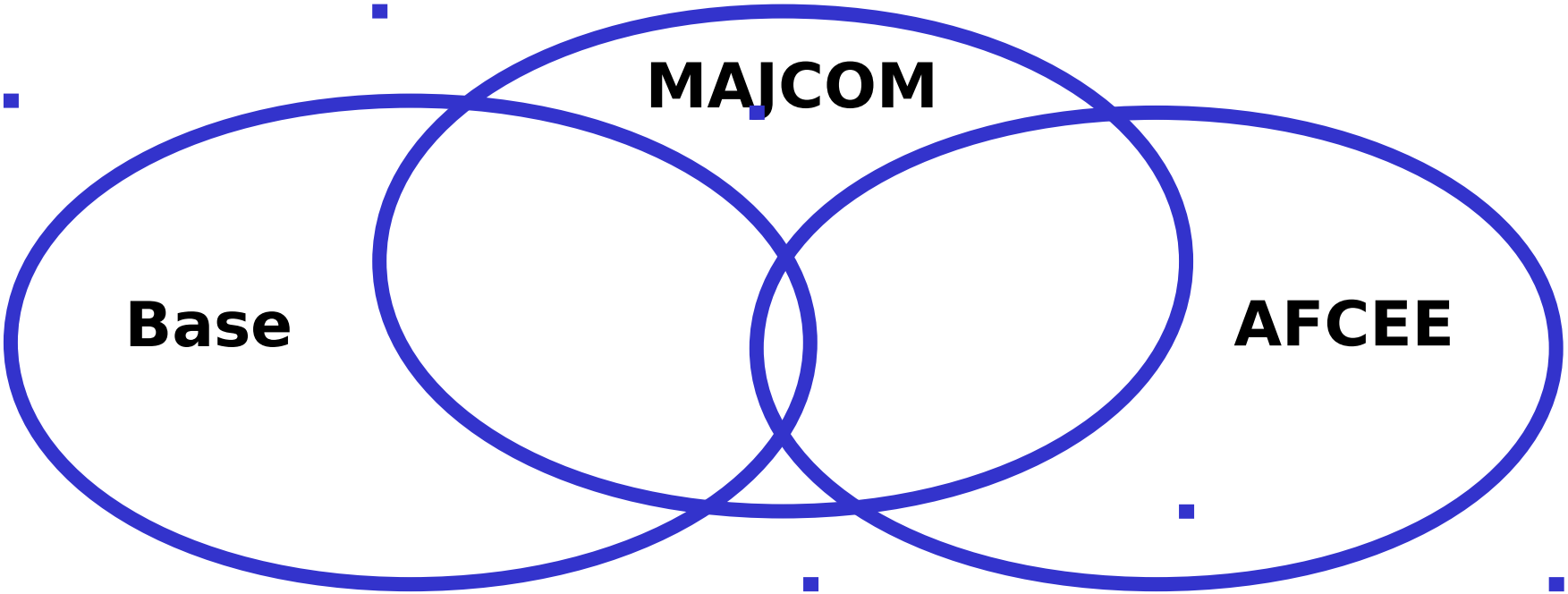
Team Members



OVERSEE PRIVATIZATION PROJECTS AND PROTECT GOVERNMENT'S INTERESTS

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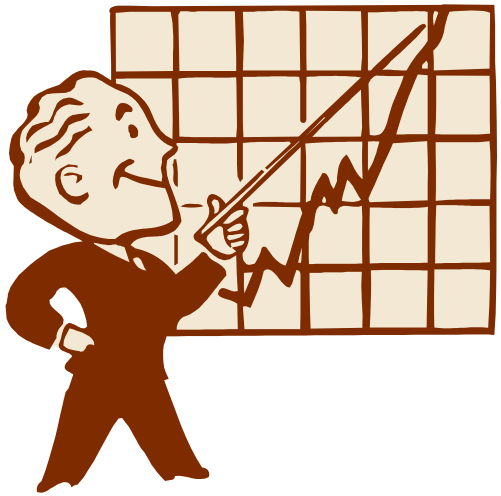
AFCEE Responsibilities

- Serves as the Air Force Portfolio Manager
- Conducts monitoring and evaluation
- Monitors overall project performance
- Performs benchmarking and trending analysis
- Monitors overall portfolio performance
- Submits required reports
- Identifies and resolves problems
- Executes fiduciary responsibilities
- Manages documents
- Enforces terms of transaction documents

MAJCOM Responsibilities

- **Provides project oversight**
- **Provides guidance to the installation**



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Base Responsibilities

- Conducts day-to-day oversight and asset management
- Interacts with the Project Owner
- Chairs the Management Review Committee (MRC)
- Manages tenant referrals and demographics
- Reviews and approves annual budgets
- Manages design and construction oversight (Title II)
- Performs local compliance testing to ensure compliance with project documents
- Oversees development quality control, security and operations
- Assesses physical condition of project
- Collects and provides Portfolio Management documents to AFCEE as required
- Conducts tenant surveys

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Summary

Ultimate goal: Provide safe, quality, and affordable housing to Air Force families for the long term